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EPA pressed to slow down on rolling back Obama-era vehicle fuel standards

By Josh Siegel, 3/28/18, 5:07 PM

Global automakers and advocates are warning the Environmental Protection Agency to slow down as it prepares to declare that stricter President Barack Obama-era fuel-efficiency rules for vehicles are “not appropriate.”

Top executives at Ford Motor Co., in anticipation of the EPA’s decision, urged the Trump administration on Tuesday to not roll back the Obama standards, which would require automakers to nearly double the average fuel economy of new cars and trucks to 54.5 miles per gallon by 2025. The company encouraged the agency to preserve one national program vehicle emissions program by not revoking California’s waiver that allows the state to adopt stricter efficiency standards.

Automakers worry that if the national rules are significantly weaker than state standards, they would face a patchwork of regulations, creating uncertainty.

“We support increasing clean car standards through 2025 and are not asking for a rollback,” said Ford Executive Chairman Bill Ford and CEO Jim Hackett, in an op-ed published on Medium. “We want one set of standards nationally, along with additional flexibility to help us provide more affordable options for our customers.”

That careful wording follows the rhetoric used by other automakers that have called for more flexibility than what the Obama administration set for 2025, but are still seeking an overall increase in efficiency standards from current and previous levels.

Robbie Diamond, president and CEO of Securing America’s Future Energy, told the Washington Examiner he hopes EPA takes steps to begin broader negotiations with California, rather than declaring an intent to weaken the standards.

His group is a nonprofit that seeks to reduce the U.S.’ demand for oil through improved vehicle efficiency.

“We are sort of in the opening moments in a prize fight,” Diamond said. “The fighters have not entered the ring, everyone is talking and laying out positions, and we hope when the EPA makes their statement, it leaves room to continue the discussion. We are asking the administration to overlook ideology and reach an agreement with California.”

The EPA is expected to say this week that the Obama administration’s fuel-economy rules for cars and light-duty trucks, such as pickups and sport utility vehicles, must be revised for model years 2022 to 2025, although the agency won’t immediately propose new requirements.

California, which can set its own fuel-efficiency standards that other states may follow, could move to formally separate its rules from the national program if EPA weakens the standards.

The state’s attorney general, Xavier Becerra, a Democrat, said Tuesday he is prepared to sue the EPA if it relaxes the fuel efficiency standards. California is the nation’s largest market for zero-emission electric vehicles, and is aiming to reduce its carbon dioxide emissions by 40 percent by 2030.

"Basically, right now, the states and federal program are aligned," said Dave Cooke, a senior vehicle analyst at the Union of Concerned Scientists. "If the federal government moves to change the standards, California and the states that follow them are no longer going to accept compliance with a program that is different from their own."

The Obama administration, seeking to cut greenhouse-gas emissions from oil, set the 2022 to 2025 efficiency standards in 2011 with the support of automakers, which were involved in the negotiations.

The rules required the EPA to conduct a midterm evaluation of whether the market could still meet the standards.

It did so in 2016, before the Trump administration took over, and determined that the standards remained attainable.

Automobile trade associations complained the comment period for the midterm review had been rushed and that the requirements were too strict.

With relatively low fuel prices, less fuel-efficient SUVs and light trucks have continued their strong sales, while consumer demand for hybrid-electric and more fuel-efficient models has suffered, so manufacturers are having difficulty hitting the fuel-efficiency targets, automakers say.

"If electric vehicle sales went up much higher, and gas prices were higher, automakers would be well positioned to meet the higher standards," Gloria Bergquist, vice president of public affairs at the Alliance of Automobile Manufacturers, told the Washington Examiner.

The Trump administration this week proposed revoking an Obama-era rule that increased penalties for automakers that violate fuel efficiency standards by more than 150 percent.

The auto industry had petitioned for scrapping the rule, arguing that it would cost more than \$1 billion to comply.

But Bergquist tried to downplay expectations that EPA Administrator Scott Pruitt may significantly weaken the fuel efficiency standards.

"It's about the process, not about the standards," Bergquist said. "We keep saying don't pre-judge what the standards are going to be under the Trump administration."

Bergquist said the auto alliance, which represents 12 of the largest car manufacturers, remains "optimistic" that California and the EPA can reach an agreement.

"We still believe if California really wants to reduce greenhouse gas emissions to the maximum possible level, it would come to the table and have discussions and look at what consumers are buying and what's realistic," Bergquist said.

To come to an agreement, the EPA could propose tougher rules for 2026 to 2030, as carmakers adapt to technological changes, in exchange for weakening the standards for the 2022 to 2025 vehicles.

Pruitt, however, recently dismissed that possibility, saying, "That's not something we're terribly focused on right now."

He told Bloomberg that, "California is not the arbiter of these issues," and suggested the state should comply with the national standards.

He can revoke California's waiver to get it to follow whatever new rules he tries to establish, but that has never been done before.

"No waiver has ever been revoked, and it's not clear exactly what the process would be to do that, which poses an entirely different challenge we haven't seen before," Cooke said.

Other advocates said the onus is on the EPA to compromise with California.

“The federal government can take away California’s waiver, and then we all just go to court. And by going to court, the auto industry will have an uncertain regulatory environment when it is already dealing with technological uncertainty, which would be bad for consumers, our environment, and national security,” Diamond said.